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VIA E-FILING and HAND DELIVERY

April 27, 2006

Charles L.A. Terreni, Esquire
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Re: Application of Carolina Water Service, Inc. for Adjustment of Rates and Charges for the
Provision of Water and Sewer Service
Docket No.: 2006-92-WS

Dear Mr. Terreni:

Pursuant to S.C. Code Ann. §58-4-100, the South Carolina Office of Regulatory Staff ("ORS") Executive Director is authorized to employ expert witnesses and other professional expertise as deemed necessary to assist ORS in its participation in Commission proceedings. Currently, ORS is in the process of hiring at least one expert witness to testify in the above-referenced matter.

Consequently, ORS respectfully requests the Commission to issue an Order pursuant to S.C. Code Ann. §58-4-100 endorsing payment by CWS of the ORS expert's compensation and expenses. Specifically, ORS requests that the Commission Order approve payment of compensation and expenses by CWS for an expert witness not to exceed \$17,500 for fees and not to exceed \$830 for travel. ORS understands this amount does not exceed expert fees generally paid by the industry.

CWS is in agreement that such an Order is appropriate. Enclosed we have provided a proposed Joint Consent Order for the Commission's review.

Thank you for your consideration of this matter.

Sincerely,

C. Lessie Hammonds

cc: John M.S. Hoefer

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2006-92-WS

May __, 2006

IN RE:

Application of Carolina Water Service, Inc.)
for Adjustment of Rates and Charges for)
the Provision of Water and Sewer Service.)
_____)

CONSENT ORDER

This matter comes before the Commission on the agreement of the South Carolina Office of Regulatory Staff ("ORS") and Carolina Water Service, Inc. ("CWS") under the provisions of S.C. Code Ann. § 58-4-100 (Supp. 2005), which agreement is set forth immediately below.

At the request of ORS and with the consent of CWS, the parties to this consent order and in connection with the above-captioned application have agreed as follows:

1. In connection with the above-captioned proceeding, the Executive Director of ORS has determined that in order to carry out ORS responsibilities it is necessary to contract with an expert witness to provide expertise, consultation, advice and, as needed, testimony on the general subject of the cost of equity capital for CWS and other matters as needed. The fees of the expert will be an amount not to exceed \$17,500. Travel expenses of the expert will be an amount not to exceed \$830. ORS understands this amount does not exceed the compensation generally paid by the regulated industry for such specialists, and CWS does not object.

2. Under the provisions of S.C. Code Ann. § 58-4-100, “[t]o the extent necessary to carry out regulatory staff responsibilities, the executive director [of ORS] is authorized to employ expert witnesses and other professional expertise as the executive director may consider necessary to assist the regulatory staff in its participation in commission proceedings.”
3. Section 58-4-100 also provides that the compensation and expenses for expert witnesses necessarily employed “be paid by the public utility or utilities participating in the proceedings upon order of the Commission or from the regulatory staff’s budget.”
4. CWS agrees to provide funding for the cost of an expert witness as described in paragraph 1 above. ORS agrees pursuant to S.C. Code Ann. §58-4-100 that if CWS pays the compensation and expenses of an expert witness, “the compensation and expenses must be treated by the Commission, for ratemaking purposes, in a manner generally consistent with its treatment of similar expenditures incurred by utilities in the presentation of their cases before the Commission.”
5. ORS agrees and acknowledges that CWS’s consent to this order does not mean or imply that CWS has agreed to the introduction of any testimony by any employed expert or the expertise of any such ORS witness. ORS is solely responsible for the selection and employment of any expert witness or professional expertise and any effort by ORS to introduce testimony from any such employed expert in the

above case will be subject to ORS meeting all evidentiary rules generally applied by the Commission in proceedings before it. CWS specifically reserves its rights to interpose any objection to any such witness and his/her testimony or exhibits as permitted or recognized by South Carolina law (common and statutory), rules of evidence, rules of civil procedure, rules, customs and practices of the Commission, and federal and state constitutions.

Now, therefore, based upon the agreement of ORS and CWS and under the provisions of S.C. Code Ann. § 58-4-100,

IT IS HEREBY ORDERED that CWS shall provide funding for the cost of an expert witness employed by ORS in connection with the above-captioned proceeding in an amount not to exceed \$17,500 for fees and in an amount not to exceed \$830 for travel expenses related to this matter.

BY ORDER OF THE COMMISSION.

Randy Mitchell, Chairman

ATTEST:

G. O'Neal Hamilton, Vice Chairman
(SEAL)

WE CONSENT:

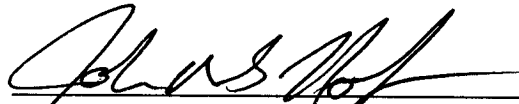
Representing the Office of Regulatory Staff



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WE CONSENT:

Representing Carolina Water Service, Inc.



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